

# Virtual Business Corridors: A New Gateway to Latin America's High-Tech Industries



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[Photo: Participating companies in Latin America can access Virtual Business Corridors through the TechnoGate web site.]

All it takes is access to the Internet and a few clicks of a mouse to make the connection — a business connection with the potential to help high-tech companies in Latin America grow and expand through the development of strategic contacts with other firms. Rather than simply surf the Web, searching for a needle in a haystack, companies in Argentina, Brazil, Chile, and Uruguay now have access to specialized electronic highways — Virtual Business Corridors (VBCs) — that lead directly to the doorstep of other companies in Latin America and Canada.

With funding from the International Development Research Centre (IDRC), the new VBCs are the result of a collaboration between business associations in Latin America and the [Canadian Advanced Technology Alliance](#) (CATA), a non-profit, multi-sector trade association, which manages the electronic corridors. The project is intended to help Latin American industries enhance business communications, increase their level of collaborative research and development, and promote strategic alliances and partnerships.

## **Industrial restructuring**

During the last decade, most Latin American countries have experienced industrial restructuring, with production and natural resource exports increasing rapidly. But serious doubts have been raised about the economic and political sustainability of development centred on commodity exports. Helping local industries increase their research and development (R&D) activities could provide the basis for more sustained economic growth by encouraging the production of higher value-added products. But R & D expenditures in Latin America still lag far behind what is normal in developed countries, their major trading partners.

Fortunately, the Internet — on which this project is based — is an excellent medium for the exchange of information, providing an incredible opportunity for countries lagging in knowledge to catch up. Participating companies can access Virtual Business Corridors through [TechnoGate](#), an electronic gateway to the advanced technology industry in Canada. The service was originally established as a business development tool for CATA's 2,100 member companies.

## **TechnoGate**

TechnoGate is much more than a website. It has built-in software that provides direct access to a wide range of companies, "including descriptions of what they do, what kind of projects they're working on, what they are looking for in terms of partnerships, and key contacts," says [Cal Fairbanks](#), CATA's Executive Director for Alberta and the Managing Director of TechnoGate. TechnoGate worked so well for Canadian companies, it prompted inquiries to go international. The result: Latin American firms can now benefit from the same technology and information through VBCs established specifically for this region.

"A Virtual Business Corridor is really a window to a particular geographic location, and a connection through that window to the region's high-tech industry," says Fairbanks. "Companies don't want their employees to waste time surfing the Internet. The Virtual Business Corridor brings the information to them. It provides direct access to the people that make decisions in other companies. Most of the legwork has already been done, and CATA ensures the contacts are legitimate people in legitimate companies."

## **Symbiotic partnerships**

For firms in both Latin America and Canada, VBCs can facilitate the creation of symbiotic partnerships. So far, some Latin American companies are using the VBCs as a marketing and development tool — making contacts with Canadian companies, improving their expertise and knowledge, and trying to win contracts. Through these contacts, they are also hoping to attract investment from Canadian companies that need partners to carry out the research necessary to expand into Spanish and Portuguese speaking markets.

"The possibilities for strategic partnerships with foreign firms, or the promotion of Chilean products in foreign markets are greatly enhanced within VBCs," adds [Dr German Eche copar](#), Director of the Department of Economics and Finance at the Universidad de Talca in Chile. "Without this tool, Chilean firms would have been [much less able] to benefit from growth in the high technology sector."

## **Distribution agreements**

Although the project is not yet complete, a few deals have already been struck between North and South. According to Fairbanks, two wireless companies in Western Canada recently signed distribution agreements with Argentinian and Chilean partners with whom they will customize their technology.

"The Argentinian companies are very excited because they don't have that technology (wireless communication for remote access)," he says. "Now they have an exclusive arrangement to offer wireless communications in Argentina, to customize the technology to suit their needs, and to potentially develop their own companies."

## **VBC software**

To help participating companies make contact and deals with each other, each VBC features several interacting databases and customized commerce software that makes it easy to link directly to like-minded companies. "They can identify potential opportunities, or switch to a secure mode and talk about new developments and new innovative ideas," says Fairbanks. "They can explore the possibility of research and development grants, or they can participate in chatlines and discussions groups through which they can find mentors to help them do more research. The software can't make the deals happen, but it can get the right people at the table discussing potential partnerships."

Since each Virtual Business Corridor must have a non-profit NGO partner like CATA, the cost to users is minimal. The sponsoring partner pays \$5,000, which includes all the necessary software and training. Companies that belong to the partner, group or association can log on to TechnoGate and access the VBCs for free. Companies that are not members of the group pay CA\$350.

## **Business tool**

"The goal is to have a self-sustaining, non-profit business tool for all companies on a user-paid system," says Fairbanks. This enables companies large and small to take advantage of the service. And while the VBCs will primarily increase connections between companies in Canada and Latin America, if links are made between Argentina and Chile, "all the better," he concludes.

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